

## **Exhibit O**

### **Custodian Bank's Balance Sheet**

2002  
FINANCIAL REVIEW



**STATE STREET**  
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# Consolidated Financial Statements

## Consolidated Statement of Income

(Dollars in millions, except per share data)

Years ended December 31,	2002	2001	2000
<b>Fee Revenue:</b>			
Servicing fees	\$ 1,716	\$ 1,648	\$ 1,447
Management fees	526	516	584
Foreign exchange trading	300	368	387
Brokerage fees	124	89	95
Processing fees and other	184	148	177
<b>Total Fee Revenue</b>	<b>2,850</b>	<b>2,769</b>	<b>2,690</b>
<b>Net Interest Revenue:</b>			
Interest revenue	1,974	2,855	3,256
Interest expense	995	1,830	2,362
<b>Net interest revenue</b>	<b>979</b>	<b>1,025</b>	<b>894</b>
Provision for loan losses	4	10	9
<b>Net interest revenue after provision for loan losses</b>	<b>975</b>	<b>1,015</b>	<b>885</b>
Gains on sales of available-for-sale investment securities, net	76	43	2
Gain on sale of corporate trust business, net of exit and other associated costs	495		
<b>Total Revenue</b>	<b>4,396</b>	<b>3,827</b>	<b>3,577</b>
<b>Operating Expenses:</b>			
Salaries and employee benefits	1,670	1,663	1,524
Information systems and communications	373	365	305
Transaction processing services	246	247	268
Occupancy	246	229	201
Other	306	393	373
<b>Total operating expenses</b>	<b>2,841</b>	<b>2,897</b>	<b>2,671</b>
<b>Income before income taxes</b>	<b>1,555</b>	<b>930</b>	<b>906</b>
<b>Income taxes</b>	<b>540</b>	<b>302</b>	<b>311</b>
<b>Net Income</b>	<b>\$ 1,015</b>	<b>\$ 628</b>	<b>\$ 595</b>
<b>Earnings Per Share</b>			
Basic	\$ 3.14	\$ 1.94	\$ 1.85
Diluted	3.10	1.90	1.81
<b>Average Shares Outstanding (in thousands)</b>			
Basic	323,520	325,030	321,678
Diluted	327,477	330,492	328,088

The accompanying notes are an integral part of these financial statements.

# Consolidated Statement of Condition

(Dollars in millions) As of December 31,

	2002	2001
<b>Assets</b>		
Cash and due from banks	\$ 1,361	\$ 1,651
Interest-bearing deposits with banks	28,143	20,317
Securities purchased under resale agreements and securities borrowed	17,215	16,680
Trading account assets	984	994
Investment securities (including securities pledged of \$10,335 and \$9,006)	28,071	20,781
Loans (less allowance of \$61 and \$58)	4,113	5,283
Premises and equipment	887	829
Accrued income receivable	823	880
Goodwill	462	470
Other intangible assets	127	142
Other assets	3,608	1,823
<b>Total Assets</b>	<b>\$85,794</b>	<b>\$69,850</b>
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 7,279	\$ 9,390
Interest-bearing – U.S.	9,005	2,753
Interest-bearing – Non-U.S.	29,184	26,416
<b>Total deposits</b>	<b>45,468</b>	<b>38,559</b>
Securities sold under repurchase agreements	21,963	19,006
Federal funds purchased	3,895	3,315
Other short-term borrowings	3,440	1,012
Accrued taxes and other expenses	1,967	1,582
Other liabilities	3,004	1,314
Long-term debt	1,270	1,217
<b>Total Liabilities</b>	<b>81,007</b>	<b>66,005</b>
<b>Stockholders' Equity</b>		
Preferred stock, no par: authorized 3,500,000; issued none		
Common stock, \$1 par: authorized 500,000,000; issued 329,992,000 and 329,999,000	330	330
Surplus	104	110
Retained earnings	4,472	3,612
Accumulated other comprehensive income	106	70
Treasury stock, at cost (5,065,000 and 6,329,000 shares)	(225)	(277)
<b>Total Stockholders' Equity</b>	<b>4,787</b>	<b>3,845</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$85,794</b>	<b>\$69,850</b>

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# Consolidated Statement of Changes in Stockholders' Equity

(Dollars in millions, except per share data, shares in thousands)	Common Stock			Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		
	Shares	Amount	Surplus			Shares	Amount	Total
<b>Balance at December 31, 1999</b>	167,225	\$ 167	\$ 55	\$ 2,795	\$ (57)	7,635	\$ (308)	\$ 2,652
Comprehensive Income:								
Net income				595				595
Change in net unrealized gains/losses on available-for-sale securities, net of related taxes of \$48					66			66
Foreign currency translation, net of related taxes of \$(4)					(10)			(10)
Total comprehensive income				595	56			651
Cash dividends declared — \$.345 per share				(112)				(112)
Common Stock issued pursuant to:								
Stock awards and options exercised, including tax benefit of \$61	(6)		29			(2,547)	125	154
Debt conversion			(15)			(400)	16	1
Common Stock acquired						820	(84)	(84)
<b>Balance at December 31, 2000</b>	167,219	167	69	3,278	(1)	5,508	(251)	3,262
Comprehensive Income:								
Net income				628				628
Change in net unrealized gains/losses on available-for-sale securities, net of related taxes of \$55					77			77
Foreign currency translation, net of related taxes of \$(4)					(7)			(7)
Change in unrealized gains/losses on cash flow hedges					1			1
Total comprehensive income				628	71			699
Cash dividends declared — \$.405 per share				(131)				(131)
2-for-1 stock split in the form of a 100% stock dividend	162,785	163		(163)		139		
Common Stock issued pursuant to:								
Acquisitions			43			(2,490)	139	182
Stock awards and options exercised, including tax benefit of \$20	(5)		6			(1,802)	78	84
Debt conversion			(8)			(286)	9	1
Common Stock acquired						5,260	(252)	(252)
<b>Balance at December 31, 2001</b>	329,999	330	110	3,612	70	6,329	(277)	3,845
Comprehensive Income:								
Net income				1,015				1,015
Change in net unrealized gains/losses on available-for-sale securities, net of related taxes of \$3					4			4
Foreign currency translation, net of related taxes of \$25					46			46
Change in unrealized gains/losses on cash flow hedges, net of related taxes of \$(10)					(14)			(14)
Total comprehensive income				1,015	36			1,051
Cash dividends declared — \$.48 per share				(155)				(155)
Common Stock issued pursuant to:								
Stock awards and options exercised, including tax benefit of \$23	(7)		4			(2,657)	117	121
Debt conversion			(10)			(243)	10	
Common Stock acquired						1,636	(75)	(75)
<b>Balance at December 31, 2002</b>	329,992	\$330	\$104	\$4,472	\$106	5,065	\$(225)	\$4,787

The accompanying notes are an integral part of these financial statements.

# Consolidated Statement of Cash Flows

(Dollars in millions) Years ended December 31,

	2002	2001	2000
<b>Operating Activities</b>			
Net income	\$ 1,015	\$ 628	\$ 595
Non-cash charges for depreciation, amortization, provision for loan losses and deferred income taxes	692	398	383
Gain on sale of corporate trust business	(495)		
Securities (gains) losses, net	(76)	(43)	(2)
Change in trading account assets, net	(80)	(52)	(218)
Other, net	(54)	(344)	(32)
Net Cash Provided by Operating Activities	1,002	587	726
<b>Investing Activities</b>			
Payments for purchases of:			
Available-for-sale securities	(32,954)	(19,160)	(5,688)
Held-to-maturity securities	(1,143)	(4,246)	(987)
Lease financing assets		(850)	(989)
Premises and equipment	(272)	(276)	(247)
Equity investments and other long-term assets	(36)	(118)	(86)
Business acquisitions, net of cash acquired	(80)	(176)	
Proceeds from:			
Maturities of available-for-sale securities	18,665	7,758	5,351
Maturities of held-to-maturity securities	1,038	4,126	933
Sales of available-for-sale securities	7,220	4,758	1,464
Principal collected from lease financing	6	10	37
Sale of corporate trust business, net	642		
Net (payments for) proceeds from:			
Interest-bearing deposits with banks	(7,826)	978	(4,393)
Federal funds sold, resale agreements and securities borrowed	(535)	5,104	(3,856)
Loans	1,251	221	(724)
Net Cash Used by Investing Activities	(14,024)	(1,871)	(9,185)
<b>Financing Activities</b>			
Proceeds from issuance of:			
Treasury stock	98	64	89
Non-recourse debt for lease financing		670	821
Long-term debt			300
Payments for:			
Non-recourse debt for lease financing	(23)	(53)	(45)
Long-term debt	(2)	(2)	(1)
Cash dividends	(149)	(127)	(106)
Purchase of common stock	(75)	(252)	(84)
Net proceeds from:			
Deposits	6,918	622	3,792
Short-term borrowings	5,965	395	2,381
Net Cash Provided by Financing Activities	12,732	1,317	7,147
Net (Decrease) Increase	(290)	33	(1,312)
Cash and due from banks at beginning of year	1,651	1,618	2,930
<b>Cash and Due from Banks at End of Year</b>	<b>\$ 1,361</b>	<b>\$ 1,651</b>	<b>\$ 1,618</b>

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